

The Estate Planning Institute



10

**Dedicated To Public and Professional
Education for Protecting
America's Assets One family At A Time!**

STARTING WITH THE BASICS

Protect You
and your Assets

Auto, Home, Liability,
Life, Health, Long Term Care



MISCONCEPTIONS

AARP STUDY



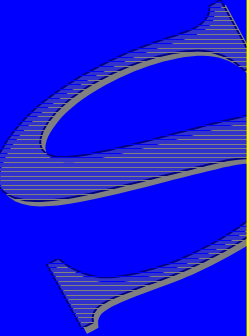
1. It won't happen to me!

2. My children will take care of me

3. It's not that expensive

4. Medicare pays for nursing homes

5. Medigap pays for nursing homes



**6. Medicaid is easy to get on -
I'll just give my money away and apply**

MYTH

**A NURSING HOME
IS NOT THAT EXPENSIVE
\$35,000 - \$65,000 A YEAR**

GOV'T - AARP STUDY

- 1. 33 1/3% wiped out in 13 weeks**
- 2. 83% wiped out in 52 weeks**
- 3. 98% wiped out in 100 weeks**

**MEDICARE AND MEDIGAP
DO NOT PAY FOR
CUSTODIAL NURSING HOME CARE:**

- **Bathing**
- **Dressing**
- **Walking**
- **Eating**
- **Toileting**



MEDICAID

NOT AT ALL EASY TO GET ON



- Eligibility Requirements
- Asset Requirements
- Income Requirements
- Spend Down Requirements

SENIORS

About 30 million

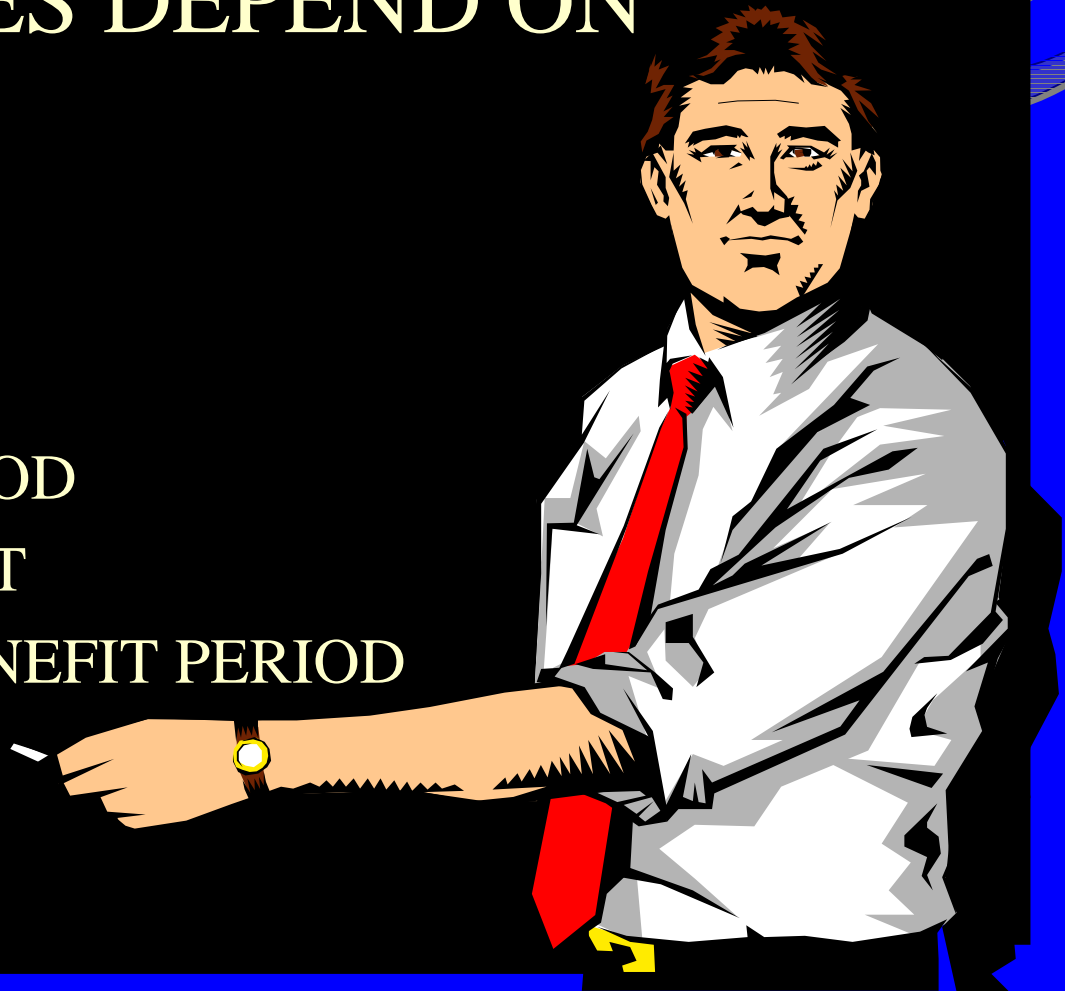
WWII - KOREA GENERATION

A+ FOR BUILDING AN ESTATE

D- FOR PRESERVING IT

NURSING HOME INSURANCE RATES DEPEND ON

- AGE
- HEALTH
- WAITING PERIOD
- DAILY BENEFIT
- MAXIMUM BENEFIT PERIOD



NURSING HOME INSURANCE YOU NEED A SPECIALIST TO

WATCH OUT FOR:

- PRE-EXISTING CONDITION EXCLUSION
- ALZHEIMERS EXCLUSION
- PRE-HOSPITAL STAY REQUIREMENT
- INFLATION PROTECTION
- WAIVER OF PREMIUM BENEFIT
- AFFORDABLE RATES - SHOPPING
- HOME HEALTH CARE



Decision We Make Today
Effect the lives of our loved
ones for Generations To Come

Estate Planning is about Families
Taking Care of Each Other with
Proper and Essential Estate Planning and
Not Depending On The Government

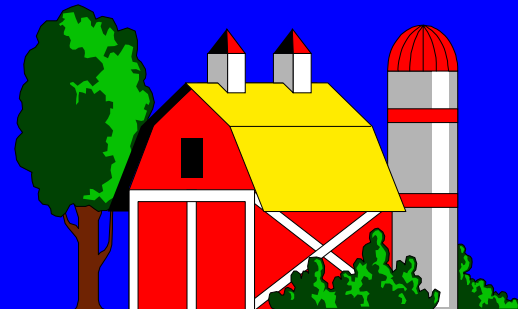
LONG TERM CARE INSURANCE POLICIES

BALL PARK FIGURES

AGE	ANNUAL	PREMIUM
55	\$1000
60	\$1,500
65	\$1,900
70	\$2,200
75	\$3,000

What is estate planning?
Building a Life of Peace of Mind,
To Have Control in Your Life Today and Tomorrow.
Assuring Protection, Privacy and Security
For You and Your Loved Ones!

*Getting
affairs
in order*



WHY ARE SENIORS NOT PLANNING?

- **FEAR**
- **OUTDATED TAX LAWS**
- **CONFUSION**

There's No margin for error with the small estate

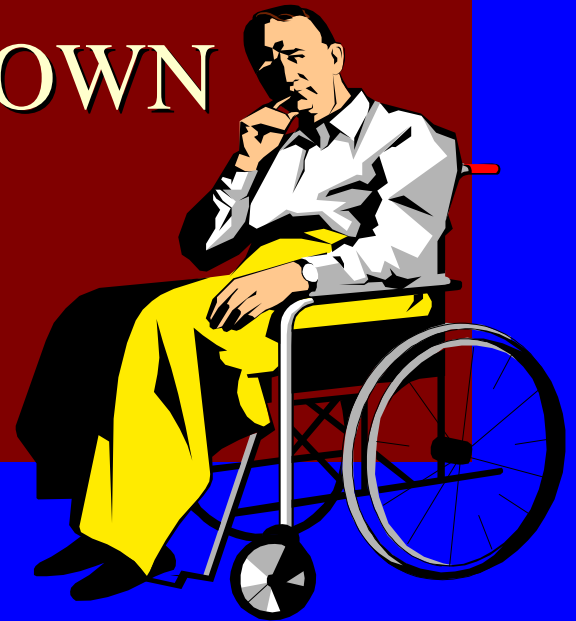
The Smaller The Estate The More Exposure and Risk that could wipe out the Entire Estate

Large Estates might make planning mistakes and have some left over not so with the small estate.

*The Smaller the
Estate
the Easier They
Can Be Wiped Out.*

You Need a Plan for LONG TERM CARE

STUDIES CONFIRM
YOU ARE ON YOUR OWN
TO TAKE CARE
OF YOURSELF



Baby Boomers About 75 Million

Depending on over 10 Trillion
Dollars to pass to their Generation

WILLS - AND INCAPACITY

YOU LOSE TOTAL CONTROL OF ASSETS
WHO WILL CONDUCT BUSINESS FOR YOU?

THE COURT WILL HAVE TO GET
INVOLVED!

WITH PUBLIC HEARING OF YOUR
CAPACITY

CONSERVATORSHIP / GUARDIANSHIP

STRICT RECORD KEEPING
REQUIREMENTS



Exposures Such as Heirs



CONSERVATORSHIP



LESSONS LEARNED FROM FAMOUS PEOPLE

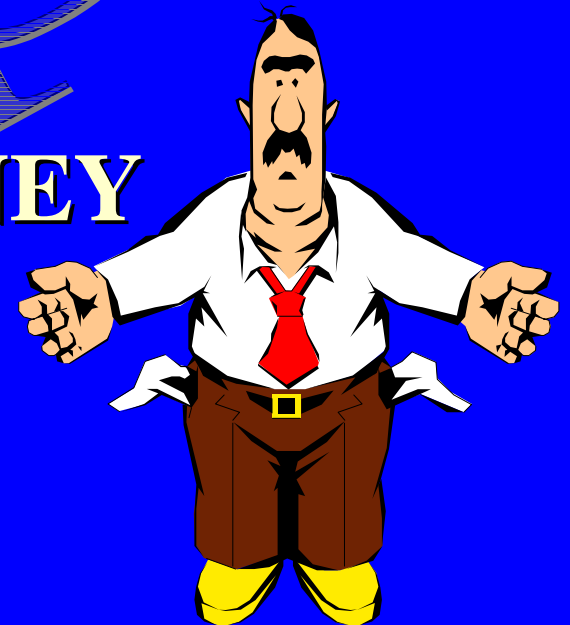
- WARREN BERGER
- JACKIE ONASSIS
- SUPERMAN
- ANN SHEIBER
- GROUCHO MARKS
- GEORGE BURNS

ESTATES ARE LOST FOREVER TO:

- TAXES
- LAWYERS
- NURSING
HOMES



**YOU EITHER PLAN
OR
THE GOVERNMENT
HAS A PLAN
FOR YOUR MONEY**



WHY ARE SENIORS NOT PLANNING?

FEAR

OUTDATED TAX LAWS

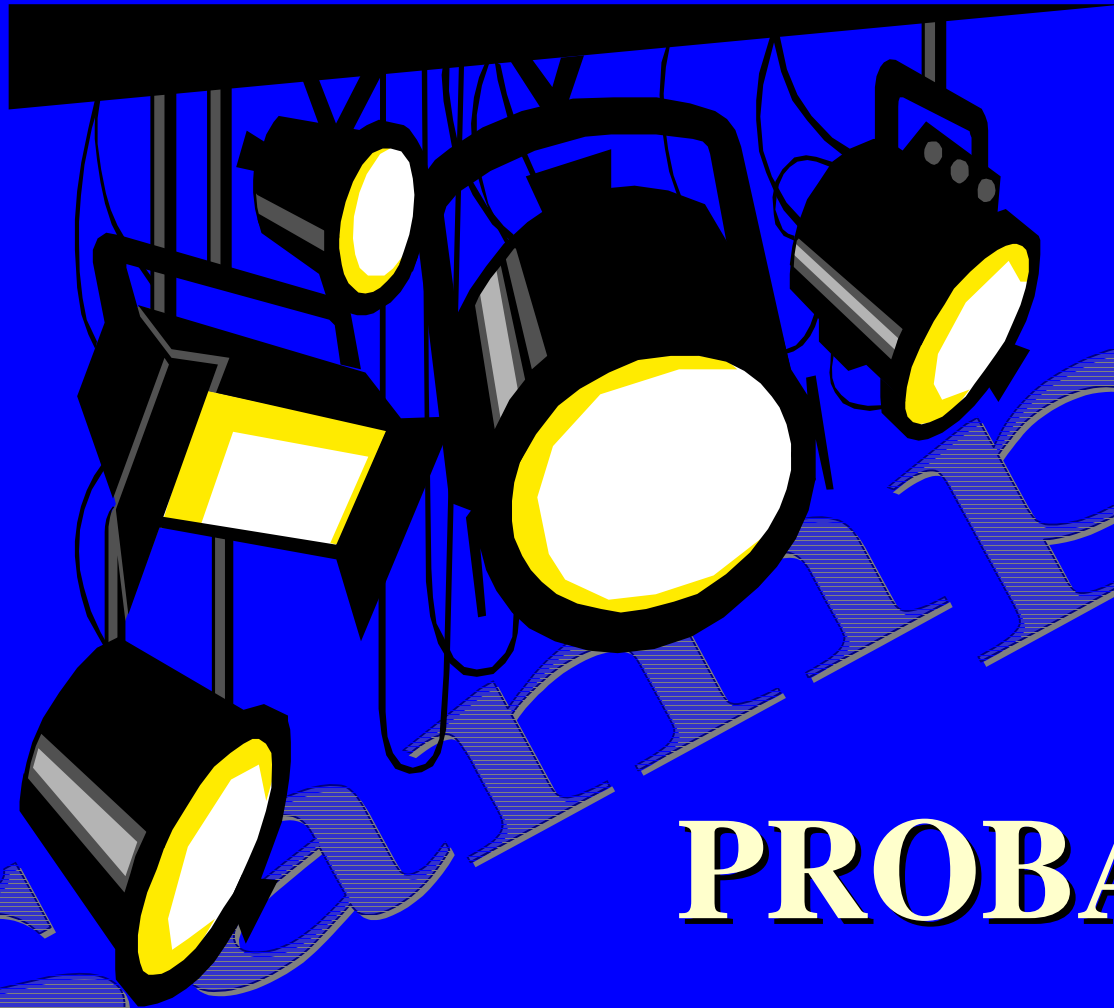
CONFUSION

SENIORS

WWII - KOREA GENERATION
A+ FOR BUILDING AN ESTATE

D- FOR PRESERVING IT

**WHAT HAPPENS
AFTER
YOUR DEATH?**



STAGE LIGHTS

PROBATE

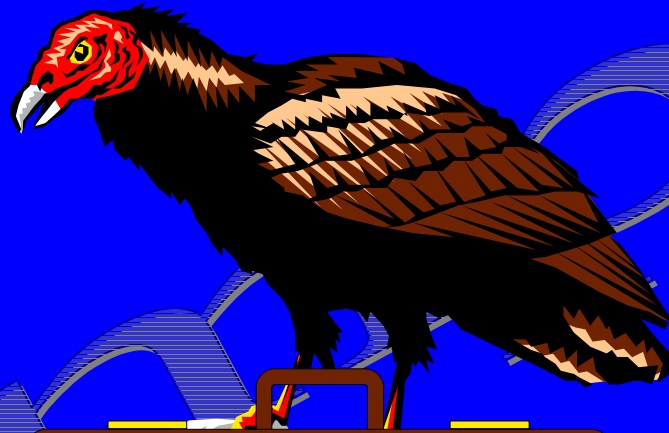
LOOK OUT FOR HEIRS



With a Will your assets and business become public with the circuit court of your county

Starts with commissioner of Accounts, Inventory of Assets, Other Taxes and Fees, etc., etc. etc. Until the Clerk or Judge of the County Court approves completion

PROBATE ATTORNEYS



**Your Assets
and Business**

*The Smaller the Estate
the Easier it
Can Be Wiped Out*

ESTIMATED DELAYS WITH PROBATE:

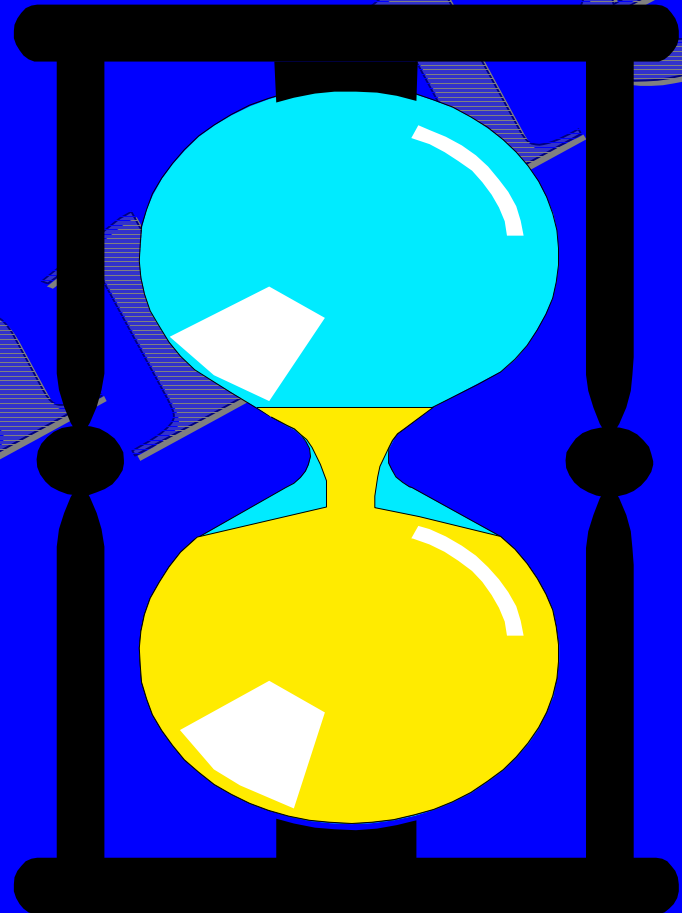
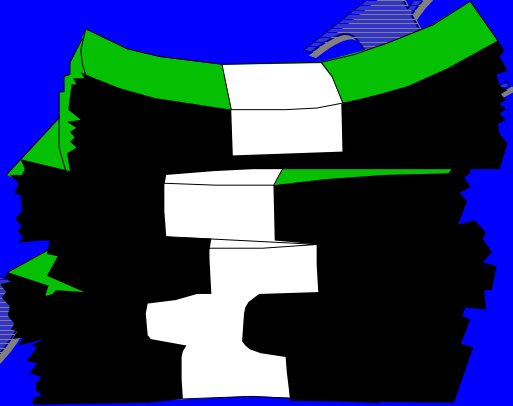
**SIX MONTHS TO
MORE THAN
3 YEARS**

**WORST IS
DOING NOTHING!
INTESTATE**

**Or Leaving the State Laws or
County Judge to Decide
Where Your Assets Go While the
Public Has Access to Your Business**

CONSIDERABLE EXTRA

- TIME &
 - EXPENSE
- IF NO WILL



YOU EITHER PLAN
OR
THE GOVERNMENT
HAS A PLAN
FOR YOUR MONEY

BIGGEST ESTATE PLANNING MISTAKES

Doing nothing until you have to

If it's not broken, don't fix it

Joint Tenancy

“I Love You Wills”



Planning Ahead

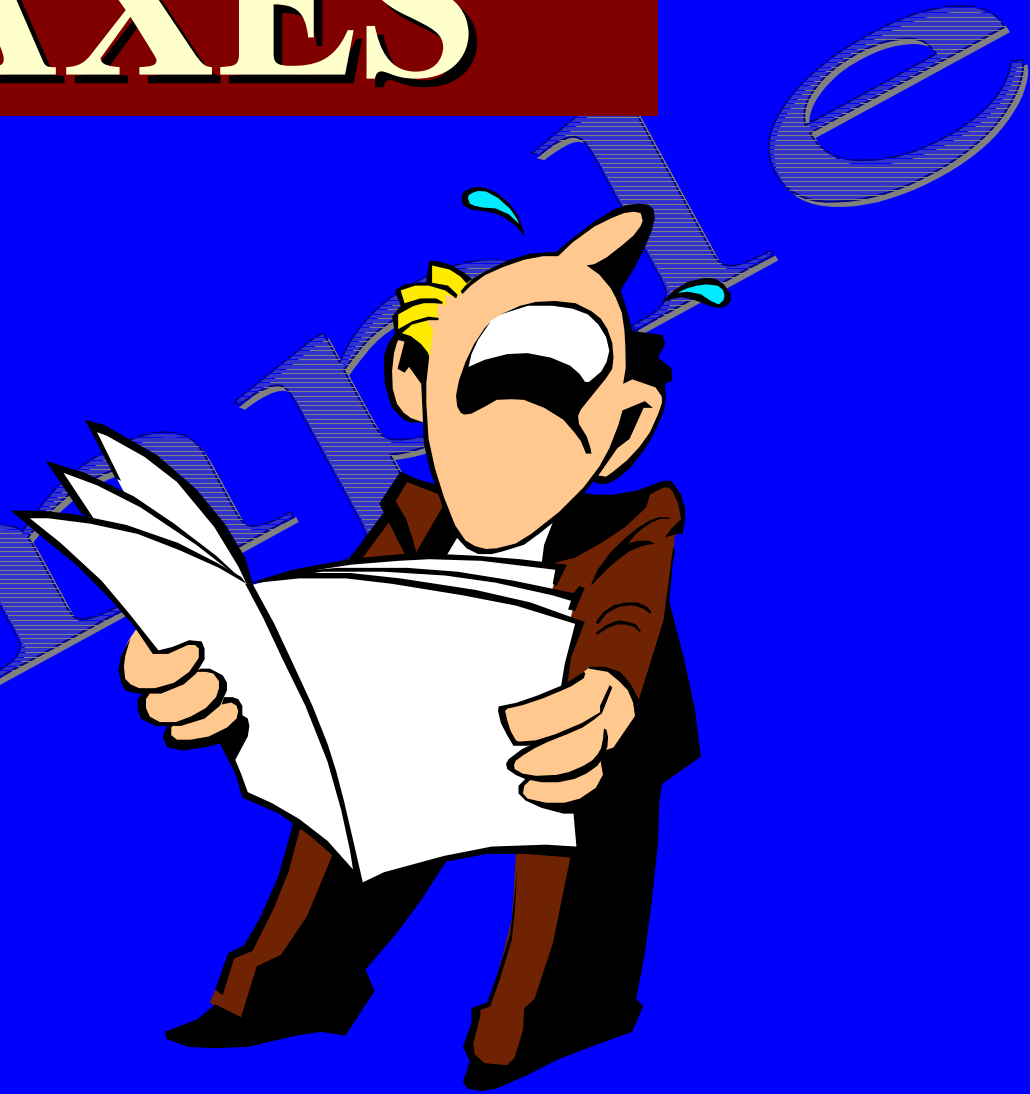
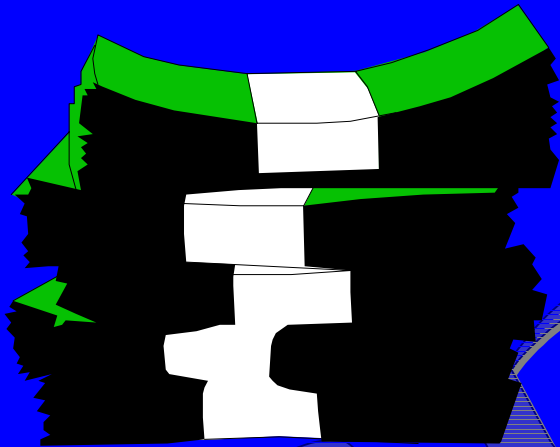




SOLUTION:

AVOID PROBATE

TAXES



FEDERAL ESTATE & GIFT TAX RATES

OVER BUT NOT OVER THE TAX IS PLUS OF THE EXCESS OVER

\$ 500,000	\$ 750,000	\$ 155,800	37%	\$ 500,000
\$ 750,000	\$1,000,000	\$ 248,300	39%	\$ 750,000
\$1,000,000	\$1,250,000	\$ 345,800	41%	\$1,000,000
\$1,250,000	\$1,500,000	\$ 448,300	43%	\$1,250,000
\$1,500,000	\$2,000,000	\$ 555,800	45%	\$2,000,000
\$2,000,000	\$2,500,000	\$ 780,800	49%	\$2,000,000
\$2,500,000	\$3,000,000	\$1,025,800	53%	\$2,500,000
\$3,000,000	-	\$1,290,800	55%	\$3,000,000

FEDERAL ESTATE TAX CALCULATION

VALUE OF ESTATE PRELIMINARY CREDIT ESTATE TAX DUE

\$ 750,000

\$ 248,300

\$ 202,050

\$ 45,750

\$1,500,000

\$ 555,800

\$ 202,050

\$ 353,750

\$2,250,000

\$ 903,300

\$ 202,050

\$ 700,450

SAMPLE

What was your estate worth
10 years ago?

Most People double their estate worth
every 10 years by doing nothing.

Inflation, investments and property
values usually double in 10 years

ESTATE GROWTH (8%)

ESTATE NOW
\$500,000

5 YEARS IT WILL GROW TO:
\$743,500

10 YEARS IT WILL GROW TO:
\$1,079,500

Now \$1,000,000

5 Years \$1,469,000

10 Years \$2,159,000

FEDERAL ESTATE TAX CALCULATION

This section has to be reviewed and edited with Pending New Tax Laws and changes being considered by Congress and states.

Jan 2003 - Contact BK

Don't Be Lulled

Estate Growth vs New Tax Law

	Estate Size	9% Growth Rate
1997	\$600,000	***
1998	625,000	\$654,000
1999	650,000	712,860
2000	675,000	777,017
2001	675,000	846,049
2002	700,000	923,174

JOINT TENANCY CAN BE DANGEROUS

All Property Goes
To Survivor
Automatically

No Probate Nor
Federal Estate Taxes





**People Are Lulled Because
First Spouse Gets:**

**UNLIMITED
MARITAL
DEDUCTIONS**

**But what happens to the
second spouse and your heirs?**

**USE IT
OR
LOSE IT**

UP TO \$300,000 LOST UNNECESSARILY

YOUR MONEY

LOST

FOREVER

\$1,300,000 ESTATE NO PLANNING

**FIRST
SPOUSE
DIES**

- 1. ALL PROPERTY TO SPOUSE**
- 2. NO PROBATE**
- 3. NO ESTATE TAXES**

**SECOND
SPOUSE
DIES**

- 1. 258,500 FEDERAL ESTATE TAXES**
- 2. \$36,000 TO \$60,000 PROBATE COSTS**
- 3. ABOUT \$300,000 LOST TO HEIRS**

Proper Estate Planning With Revocable Living Trust

First Spouse Dies

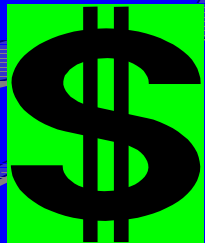
No Probate, No Federal Estate Taxes
100% of Money Passed to Family Use

Second Spouse Dies

No Probate, No Federal Estate Taxes
100% of Money Passed to Family Use

SAVINGS TO FAMILY

UP TO \$300,000



There is

“A Better Choice”

TRUSTS?



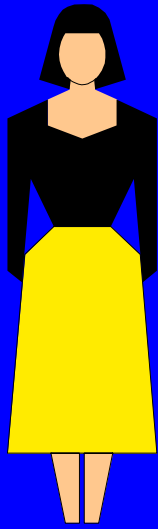
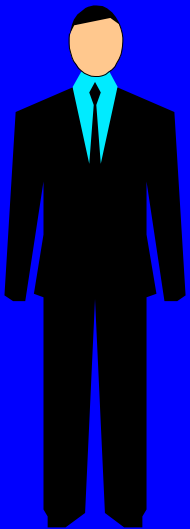
LIVING TRUSTS

- You are in total control
- No body's business but yours
- Private legal document
- No recording at court house
- Protects and controls heirs distribution
- Minimizes fees and taxes
- Avoids probate

LOVE TRUST

*For family's with
special needs
requiring guidance
and supervision for certain
adults, or children*

HOW DO TRUSTS WORK?



The
John
&
Mary
Trust

YOU HAVE TOTAL CONTROL AT ALL TIMES

Totally Revocable

YOU are: GRANTOR(S) YOU CREATE TRUST

YOU are: TRUSTEE(S) YOU MANAGE ASSETS

YOU are: LIVING BENEFICIARIES

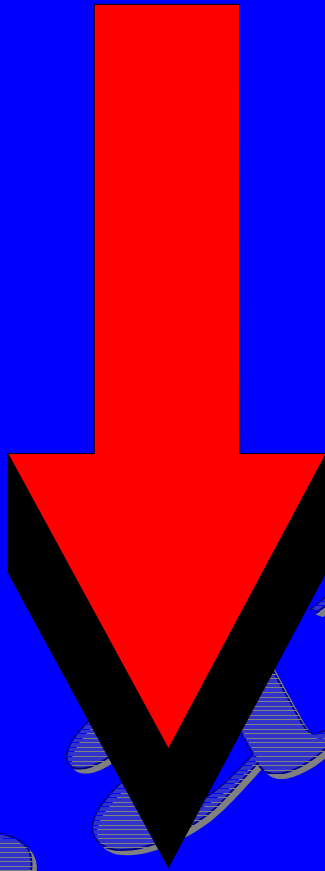
You Receive All Living Benefits During Your Life

Trust becomes irrevocable
upon death of last spouse or single person

Heirs receive distributions
according to your instructions

No Probate, No Public Documents
Completely Private and Protected for
Beneficiaries In Trust

ESTATE PLANNING



IN STEPS

BE DONE

NEEDS TO

STARTING WITH A SOLID FOUNDATION FIRST!

**CHANGE TITLE OF ALL
ASSETS TO THE NAME OF THE TRUST**

**SAVINGS
INVESTMENTS
DEEDS
TO YOUR
REVOCABLE LIVING
TRUST**

**IS IT HARD TO PUT ASSETS
IN MY LIVING TRUST? NO
IT'S VERY EASY**

The attorney prepares the deed(s)

**Letters are sent to institutions to
Change titles and certificates for:**

Bank Accounts, CDs

Mutual Funds, Stocks, & Bonds

Insurance

Safe Deposit Boxes

Can I Put My IRA in My Trust?

No Tax Deferred Assets in a Trust!

But

**You Can Make
the Contingent Beneficiary
of Your Ira Your Living Trust
or Another Person or Charity**

DO I STILL NEED A WILL?

YES!

IT'S CALLED A POUR OVER WILL

**IT ACTS AS A SAFETY NET AND
SENDS ANY FORGOTTEN ASSETS
TO YOUR TRUST**

**EVERYONE SHOULD HAVE THE FOLLOWING
LEGAL DOCUMENTS:**

- HEALTH CARE POWER OF ATTORNEY
- DURABLE POWER OF ATTORNEY
- POUR OVER WILL
- LIVING WILL

**And Any Other
Advanced Estate Planning Documents
For Your Special Needs**

ADVANTAGES

OF A

LIVING TRUST

TOTALLY REVOCABLE

YOU CAN CHANGE

YOUR MIND

MAINTAIN CONTROL OVER YOUR ASSETS

- **Totally Private Document**
- **Not recorded at the Court House**
- **Much harder to Challenge**

PROTECTS



your estate far better

than any will

PROVIDES

for the care and

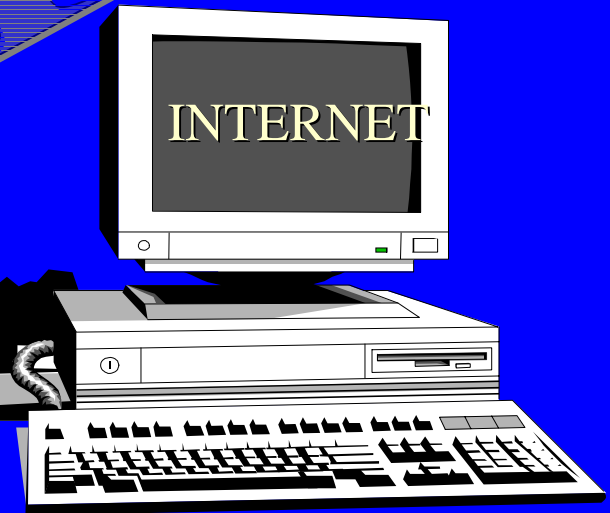
support of minor children



ENSURES

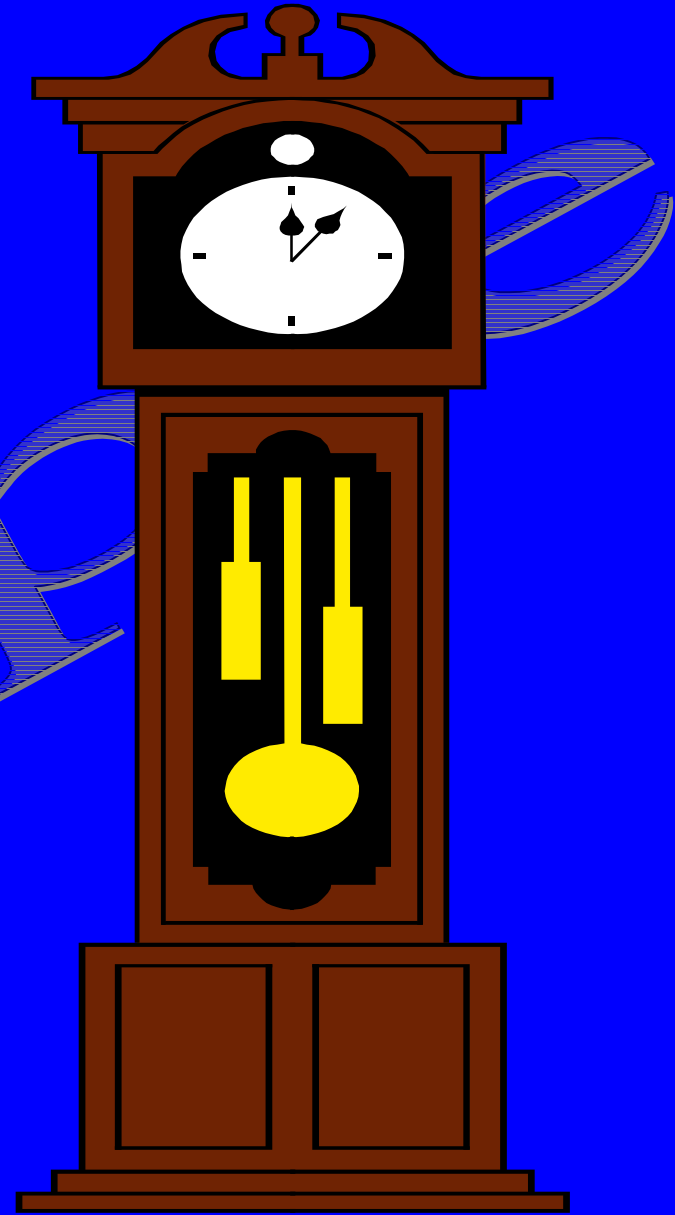
privacy of your estate

where a will is
public



COURTHOUSE

**ESTATE
CAN BE SETTLED
IN DAYS
NOT YEARS**

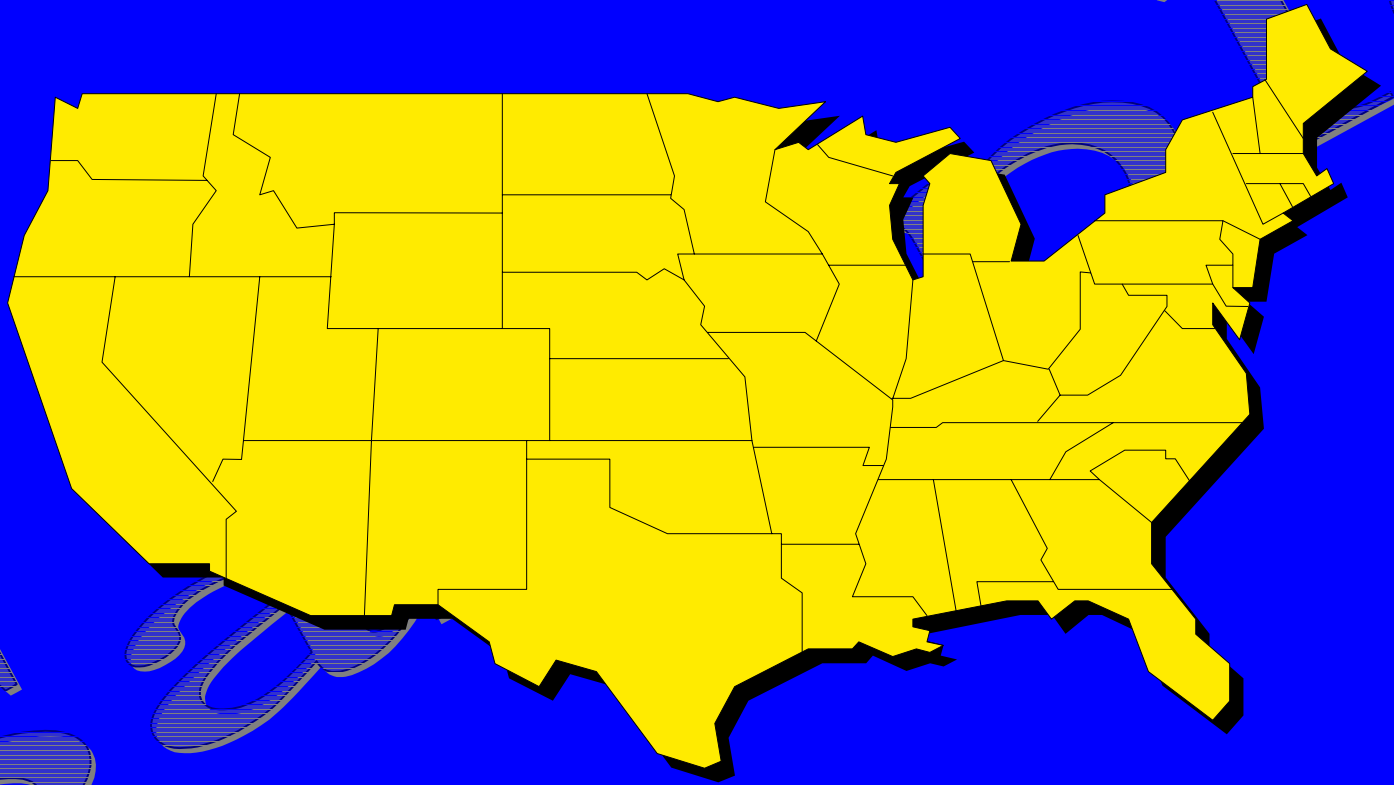


EASY

**to set up
and
maintain**



**LEGALLY VALID
IN ALL 50 STATES**



Don't Practice Law



REDUCES

or **ELIMINATES**

ESTATE TAXES



TAXES SAVED WITH KAUFMANN TRUST

TAX YEAR

TAXES SAVED

2000

270,750

2002

283,000

2004

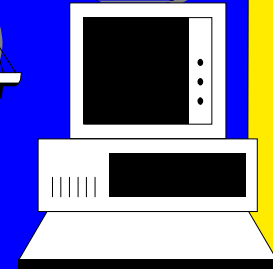
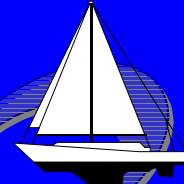
358,500

2006

434,200

TRUST

CHANGE TITLE OF ALL
YOUR ASSETS TO THE TRUST



SAVINGS, INVESTMENTS
REAL ESTATE, BUSINESS STOCK
TO YOUR
REVOCABLE LIVING TRUST

A - B TRUSTS

A

ABOVE THE GROUND

B

BELOW THE GROUND

Q TIP TRUST

Qualified Terminal Interest Property

PROTECTS SURVIVING SPOUSE
FROM BEING FLEECED

KEEPS ASSETS IN THE FAMILY

**WHY DON'T MORE
PEOPLE Don't Plan ahead
and
USE
LIVING TRUSTS**

CONFUSION
LACK OF KNOWLEDGE
Trust cost more than a Will
Choice is to EITHER PLAN AND PAY LESS NOW
OR YOUR
FAMILY & HEIRS
WILL PAY A LOT
MORE LATER

WHAT WON'T WORK:

**DOING
NOTHING**

**AFFECTING YOU AND YOUR FAMILY
LOSING UP TO ALL YOUR ESTATE**

NOT TO PLAN IS A CHOICE

TIME IS PASSING

YOU

HAVE

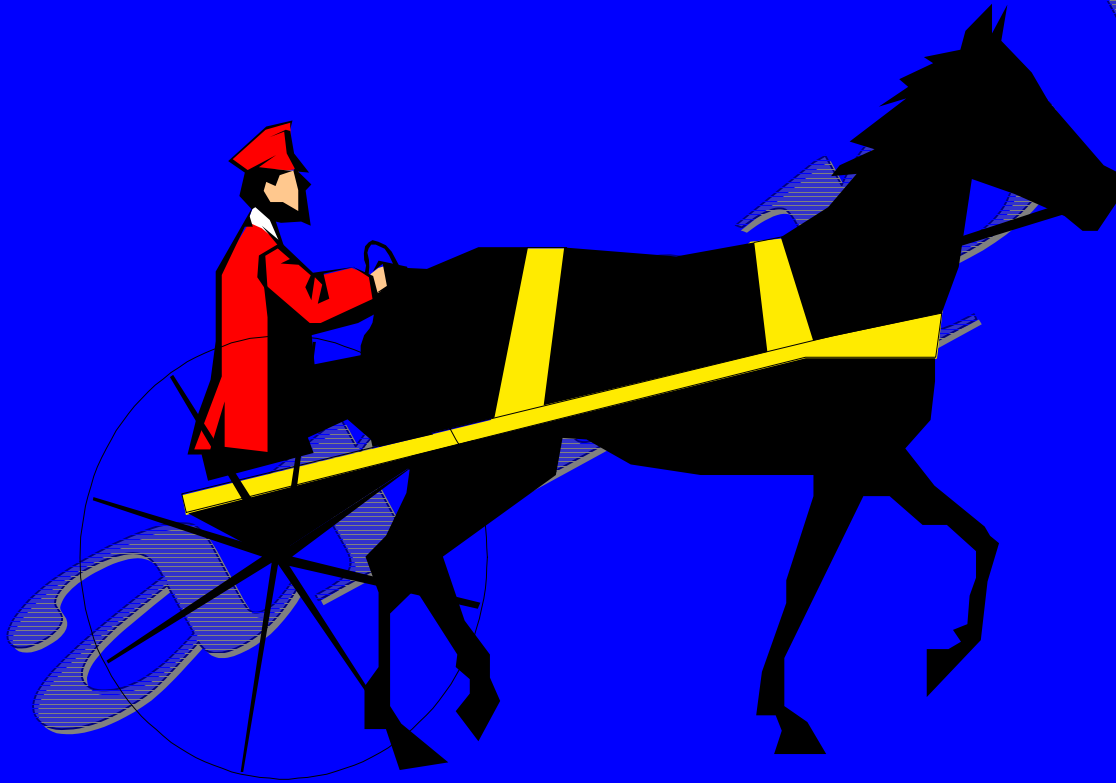
A CHOICE

A BETTER CHOICE

**Elder Law, Retirement and
Estate Planning Center**

PEOPLE DON'T

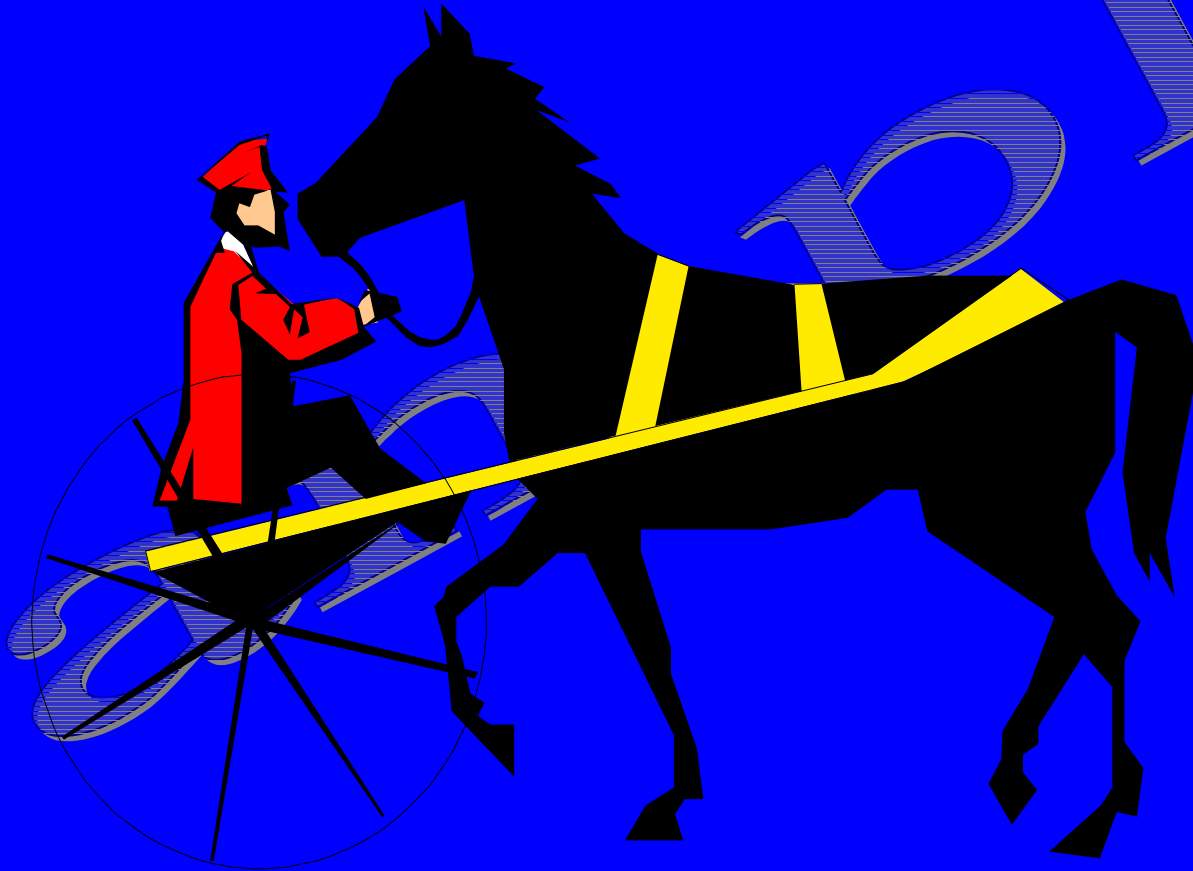
PLAN TO FAIL



“Back to square one”

THEY FAIL

TO PLAN



**Most Important Message of The
Estate Planning Institute
Planning needs to be done now, when
your healthy and young**

**PROCRASTINATING IS
IS WORST OF ALL!**

**Waiting leaves less choices with more
painful and expensive options if any at
all with 11th hour planning**

**KNOWLEDGE
IS POWER**

But Only
“WHEN YOU USE IT”

Stephen J. Kaufmann
J.D., CLU, ChFC, CPCU, FLMI, CEPP
Attorney At Law

FORMER VIRGINIA DEPUTY COMMISSIONER OF INSURANCE

Financial Consultant
Estate and Retirement,
Elder Law Attorney
Family Planning Consultations by
Appointment only